GOVERNMENT OF INDIA
COAL AND MINES
LOK SABHA

STARRED QUESTION NO:413
ANSWERED ON:22.04.2002
DECLINE IN PROFIT OF NALCO
BHARTRUHARI MAHTAB

Will the Minister of COAL AND MINES be pleased to state:

(a) whether the net profit of National Aluminium Company (NALCO) has dipped by 45 per cent in the first three quarters of the year 2001-2002;

(b) if so, the details thereof and the reasons therefor;

(c) whether the profit has declined despite increase in output;

(d) if so, the reasons attributed thereto; and

(e) the steps taken by the Government to check this declining trend of profit?

Answer

THE MINISTER IN THE MINISTRY OF COAL AND MINES (SHRI RAM VILAS PASWAN)

(a) to (e) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 413 FOR ANSWER ON 22.4.2002 AS BY SHRI BHARTRUHARI MAHTAB REGARDING DECLINE IN PROFIT OF NALCO.

(a) to (d): Yes, Sir. NALCO`s net profit after taxin the first three quarters of the year 2001-2002 is Rs. 269.46 crores as against Rs. 494.85 crores during the corresponding period of last financial year 2000-2001. The profit has declined despite increase in output in the year 2001-2002. The main reasons for the above are as follows:

(i) Additional wage liability on account of wage revision of employees w.e.f. 1.1.1997 amounting to Rs. 155.50 crore upto 31.12.2001

(ii) Fall in average London Metal Exchange (LME) price of metal from US $ 1518 to US $ 1400 impacting in lesser realisations for aluminium and alumina by Rs. 110.60 crore.

(iii) Effect of increase in raw material prices by Rs. 47.68 crore.

(e): Several steps have been taken to check decline in the profit such as measures to cut down production costs, curb avoidable expenditures, optimise the consumption of raw materials and increase the efficiency parameters of the plant.